

Message Text

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ORIGIN EB-07

INFO OCT-01 AF-04 ARA-06 EUR-12 ISO-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-01 H-01 INR-05

INT-05 L-02 LAB-01 NSAE-00 NSC-05 PA-01 RSC-01 AID-05

CIEP-01 SS-15 STR-01 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 SWF-01 /093 R

DRAFTED BY EB/ICD:JJINGERSOLL:DA

APPROVED BY EB/ICD:JJINGERSOLL

ARA/CAR:DCNORTON

CIEP:WEBERLE

EB/OIA:DSTEBBING (INFO)

EB:JLKATZ

EB/OT/TA:TGEWECKE

ARA/ECP:MDAVILIA (SUBS)

STR:JDONALDSON

----- 034954

P R 292235Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON PRIORITY

INFO AMEMBASSY PORT AU PRINCE

AMEMBASSY SANTO DOMINGO

AMEMBASSY GEORGETOWN

AMEMBASSY CONAKRY

AMCONSUL PARAMARIBO

AMEMBASSY BRASILIA

AMCONSUL RIO DE JANEIRO

AMEMBASSY MEXICO

AMEMBASSY LONDON

AMEMBASSY CARACAS

AMEMBASSY SANTIAGO

AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: ETRD, JM

SUBJECT: EBERLE INTERVIEW IN WASHINGTON STAR-NEWS

REF: KINGSTON 4252 (NOTAL)

1. WASHINGTON STAR-NEWS NOVEMBER 25 CARRIED REPORT BY STAFF WRITER LEE M. COHN BASED IN PART ON A NOVEMBER 13 INTERVIEW WITH U.S. SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS WILLIAM D. EBERLE BUT WITH NUMEROUS QUOTES FROM EBERLE'S SEPTEMBER TESTIMONY BEFORE CONGRESSIONAL SUB-COMMITTEE ON ECONOMIC GROWTH. IN LATTER TESTIMONY EBERLE WAS ARGUING FOR AUTHORITY IN TRADE BILL TO PERMIT NEGOTIATION IN MTN OF AGREED INTERNATIONAL RULES FOR USE OF EXPORT CONTROLS. STORY, HEADLINED "PRICE-GOUGING CARTELS FACE U.S. ACTION", ADOPTS SENSATIONAL STYLE AND LENDS ITSELF TO MISINTERPRETATION OF MISINTERPRETATION OF AMBASSADOR EBERLE'S INTENTION AND ACTUAL WORDS. FOLLOWING SHOULD BE USED AS GUIDANCE FOR ADDRESSEE POSTS SHOULD THEY RECEIVE COMMENTS OR QUERIES REGARDING STAR-NEWS STORY OR ANY OTHERS BASED THEREON:

2. RESPONDING TO QUESTIONS, EBERLE SOUGHT FOCUS ATTENTION ON DANGEROUSLY DISRUPTIVE AND SELF-DEFEATING NATURE OF RECURRING AND HIGHLY PUBLICIZED EFFORTS VARIOUS GROUPS OF PRIMARY COMMODITY PRODUCING NATIONS (MAINLY LDCS) TO ORGANIZE CARTELS OR CARTEL-LIKE ASSOCIATIONS TO MANIPULATE AND RAISE THEIR COMMODITY PRICES BY CUR-

TAILING THE FREE FLOW OF SUPPLIES TO THE MARKET. WHILE CITING BAUXITE AS A PRIME EXAMPLE, HE WAS SPEAKING MORE GENERALLY AND REFERRING EQUALLY TO SUCH COMMODITIES AS COPPER, IRON ORE, MERCURY, COFFEE AND SUGAR WHICH HAVE BEEN REPORTEDLY SUBJECTS OF PRODUCER-GROUP CONSIDERATION FOR SUPPLY RESTRAINT FOR PRICE-RAISING OBJECTIVES.

3. EBERLE POINTED OUT THAT IRRESPONSIBLE PRODUCER ACTIONS TO RAISE PRICES EXHORBITANTLY WILL FORCE CONSUMERS TO SEEK AND DEVELOP ALTERNATIVE DOMESTIC SUPPLIES WHERE POSSIBLE. IF THAT HAPPENS THE MARKET FOR FOREIGN SUPPLIERS WILL LIMITED OFFICIAL USE

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SHRINK AND ANY EFFORTS BY THEM TO RECOUP BY CUTTING PRICES WILL MOST LIKELY EVOKE PROTECTIONIST MEASURES BY THE CONSUMING COUNTRIES TO PROTECT NEWLY ESTABLISHED OR EXPANDED DOMESTIC SUPPLIERS AND THE HEAVY INVESTMENTS INVOLVED.

4. EBERLE EMPHASIZED U.S. POLICY OBJECTIVES OF REDUCING OR ELIMINATING TRADE BARRIERS FOR THE MUTUAL BENEFITS

TO BE ENJOYED BY PRODUCERS AND CONSUMERS ALIKE THROUGH THE
FREEST POSSIBLE WORLD TRADE. BUT AT THE SAME TIME HE
NOTED THAT THE U.S. COULD NOT PASSIVELY ACQUIESCE TO
ARTIFICIAL SUPPLY RESTRAINTS IMPOSED BY COMMODITY
PRODUCERS TO SQUEEZE CONSUMERS. IN THIS RESPECT HE
POINTED OUT SOME OF THE OBVIOUS TYPES OF PROTECTIVE OR
DEFENSIVE MEASURES WHICH MIGHT BE CALLED FOR OR
RESORTED TO IF NECESSARY. HE NOTED THE TRADE BILL AMEND-
MENTS PROPOSED IN THE SENATE WHICH WOULD DENY THE BENEFITS
OF SPECIAL PREFERENCES TO COUNTRIES PARTICIPATING IN
ARRANGEMENTS TO CUT OFF OR CURTAIL SUPPLIES OF ESSENTIAL
MATERIALS TO THE U.S. OR DISRUPTIVELY RAISE PRICES TO
UNREASONABLE LEVELS.

5. IN HIS TESTIMONY BEFORE CONGRESSIONAL SUB-COMMITTEE
EBERLE EMPHASIZED THAT IN THE MTNS, THE U.S. WILL
ENDEAVOR TO PROMOTE INTERNATIONAL AGREEMENT ON A SET OF
RULES OR GUIDELINES GOVERNING REASONABLE ACCESS TO RAW
MATERIALS AND OTHER COMMODITIES WHICH WOULD ALSO INCLUDE
AGREED SANCTIONS AGAINST COUNTRIES FAILING TO COMPLY
WITH THOSE RULES. SUCH SANCTIONS COULD INCLUDE RESTRICTION
OF ACCESS TO U.S. MARKET FOR COUNTRIES FAILING TO COMPLY
WITH AGREED GUIDELINES.

6. THOUGH THE STAR-NEWS ARTICLE MADE EBERLE'S COMMENTS
SOULD LIKE DIRE THREATS, HIS REMARKS AMOUNT IN REALITY TO

REAFFIRMATION OF U.S. AIMS TO LIBERALIZE WORLD TRADE AND
INCLUDE A FORCEFUL REVIEW OF SOME BASIC POLITICAL-ECONOMIC
FACTS OF LIFE RATHER THAN ANY DRAMATICALLY NEW SHIFT OF
U.S. POLICY TO CONFRONT DEVELOPING-COUNTRY COMMODITY
PRODUCING NATIONS WHICH ESCHEW IRRESPONSIBLE SUPPLY-PRICE
MANIPULATING VENTURES. INGERSOLL
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